



(Translation from the Italian original which remains the definitive version)

SPACE S.p.A.

Interim financial report at 31 March 2014

Via Vittor Pisani, 27
20124 Milan, Italy
Share capital €13,554,999 fully paid-up
Tax code and VAT no.: 08391050963

COMPANY BODIES

BOARD OF DIRECTORS

Chairman	Gianni Mion
Directors	Roberto Italia
	Carlo Pagliani
	Edoardo Subert
	Maria Patrizia Grieco
	Micaela Le Divelec Lemmi
	Alberto Amadio Tazartes

CONTROL AND RISKS COMMITTEE

Chairwoman	Micaela Le Divelec
Independent directors	Patrizia Grieco
	Alberto Tazartes

BOARD OF STATUTORY AUDITORS

Chairman	Pier Luca Mazza
Standing statutory auditors	Marco Giuliani
	Virginia Marini
Alternate statutory auditors	Simona Valsecchi
	Fabio Massimo Micaludi

INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

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Interim financial report at 31 March 2014

The board of directors approved this interim financial report at 31 March 2014 on 5 May 2014. It provides a general view of the financial position and performance of Space S.p.A. (“Space” or the “company”) for the reporting period. Space was incorporated on 7 October 2013 and is the first special purpose acquisition company (SPAC) set up under Italian law as an SIV (special investment vehicle) pursuant to the Italian stock exchange regulation, whose shares are traded in the investment vehicle sector of the stock exchange organised and managed by Borsa Italiana S.p.A..

Its listing procedure was concluded on 13 December 2013, following the placement of €13 million of ordinary shares to qualified investors in Italy and institutional investors abroad at a unit price of €10, for a total amount of €130 million (the “Offer”).

Market warrants were assigned free of charge to buyers of ordinary shares during the Offer (2 market warrants for every 3 ordinary shares subscribed). Therefore, 8.67 million market warrants were assigned for the 13 million subscribed ordinary shares, including 4.33 million issued in conjunction with the ordinary shares and 4.33 million that will be assigned and will start to be traded upon completion of the “Relevant Transaction”, i.e., the acquisition of an investment in a company or business unit (the “Target”), using any method.

Moreover, ordinary shareholders have been granted a put option for a maximum number of ordinary shares equal to 33% less one share of its ordinary shares before the Relevant Transaction. The share price will be equal to the pro rata share value to be calculated based on the Restricted Funds (as defined in the prospectus drawn up for the company’s listing) on the stock exchange business day prior to the day of the board of directors’ meeting called to approve the Relevant Transaction.

The unit market price of Space S.p.A.’s ordinary shares and market warrants at 31 March 2014 was €10.25 and €1.799, respectively.

Performance in the first quarter of 2014

Background

During the first quarter of 2014, Space’s management team focused on the process to select a potential target, in accordance with the business object and the guidelines set out in the investment policy approved by the shareholders on 9 October 2013.

In line with its SPAC (Special Purpose Acquisition Company) nature, the company has not generated operating revenue during the reporting period and recognised an operating loss of €71,770. The €9,834,529 loss for the quarter is the result of the recognition of fair value losses (of a purely accounting and not monetary nature) on market warrants, which were recognised under financial expense.

Net of the fair value losses on market warrants, the company would have recognised a pre-tax profit of €457,137.

The company's equity at the reporting date was €70,643,544. Its cash and cash equivalents amounted to €131,183,654.

Since the company was incorporated on 7 October 2013, there are no corresponding figures for the first quarter of the previous year.

Performance

The company's reclassified income statement is as follows:

€	First quarter 2014
Revenue	-
External costs	(71,484)
Value added	(71,484)
Personnel expense	-
Gross operating loss	(71,484)
Amortisation, depreciation, impairment losses and other provisions	(286)
Operating loss	(71,770)
Other income	-
Net financial expense	(9,762,759)
Loss from ordinary operations	(9,834,529)
Net extraordinary income (expense)	-
Pre-tax loss	(9,834,529)
Income taxes	-
Loss for the period	(9,834,529)

The operating loss shown in the reclassified income statement is mainly due to operating costs incurred for the company's ordinary operations. Net financial expense comprises fair value losses on market warrants (€10,291,666), fair value gains on savings bonds and interest income on cash and cash equivalents.

Statement of financial position

The company's reclassified statement of financial position is as follows:

(€)	31 March 2014	31 December 2013
<i>Other assets</i>	232,317	162,033
<i>Trade payables and other financial liabilities</i>	(122,500)	(549,762)
<i>Other current liabilities, net</i>	<u>(18,191,332)</u>	<u>(7,899,666)</u>
Net current liabilities (A)	(18,081,515)	(8,287,395)
Non-current assets (B)	12,402	-
Non-current liabilities (C)	-	-
Net liabilities (A+B+C)	(18,069,113)	(8,287,395)
 <i>Cash and cash equivalents</i>	 52,277,358	 52,686,230
<i>Other current financial assets</i>	78,906,296	78,550,235
<i>Put options at fair value</i>	<u>(42,470,997)</u>	<u>(42,470,997)</u>
Net financial position (D)	88,712,657	88,765,468
Equity (E)	(70,643,544)	(80,478,073)
Total equity and net financial position (D+E)	18,069,113	8,287,395

Other current liabilities include market warrants at fair value of €15.6 million, measured in accordance with the IFRS, and the estimated maximum liability for deferred fees that will be paid to the Offer's placing banks upon completion of the Relevant Transaction (€2.6 million). Exercising these warrants grants the holders a variable number of ordinary shares depending on their market price, without any cash payment by the company.

Should the put options (whose fair value has been measured considering the maximum number of puttable ordinary shares) be exercised, the company will have to make a cash payment at the Relevant Transaction performance date. This caption is unchanged from 31 December 2013.

As shown in the following table, Space has a net financial position of €88.7 million, which includes cash deposited in the bank current accounts and cash earmarked for the subscription of savings bonds totalling €131.2 million, net of the negative fair value of the put option (approximately €42.5 million) measured in accordance with the IFRS.

€	31 March 2014	31 December 2013
A) Cash-on-hand	-	-
B) Other cash equivalents	52,277,358	52,686,230
C) Securities held for trading	78,906,296	78,550,235
D) Cash and cash equivalents (A) + (B) + (C)	131,183,654	131,236,465
E) Current loan assets	-	-
F) Current bank loans and borrowings	-	-
G) Current portion of non-current financial debt	-	-
H) Put options at fair value	(42,470,997)	(42,470,997)
I) Current financial debt (F) + (G) + (H)	(42,470,997)	(42,470,997)
J) Net current financial position (I) + (E) + (D)	88,712,657	88,765,468
K) Non-current bank loans and borrowings	-	-
L) Bonds issued	-	-
M) Other non-current financial liabilities	-	-
N) Non-current financial debt (K) + (L) + (M)	-	-
O) Net current financial position (J) + (N)	88,712,657	88,765,468

Condensed interim financial statements

FINANCIAL STATEMENTS

Statement of financial position

€	31 March 2014	31 December 2013	of which: related parties
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	52,277,358	52,686,230	-
Other current financial assets	78,906,296	78,550,235	-
Other assets	232,317	162,033	-
Total current assets	131,415,971	131,398,498	-
Non-current assets			
Property, plant and equipment	9,594	-	-
Other intangible assets	2,808	-	-
Total non-current assets	12,402	-	-
TOTAL ASSETS	131,428,373	131,398,498	-
<u>LIABILITIES AND EQUITY</u>			
LIABILITIES			
Current liabilities			
Trade payables	85,658	439,812	-
Other financial liabilities	36,842	109,950	-
Put options at fair value	42,470,997	42,470,997	-
Market warrants at fair value	15,591,332	5,299,666	-
Provisions for risks and charges	2,600,000	2,600,000	-
Total current liabilities	60,784,829	50,920,425	-
Share capital	13,554,999	13,554,999	-
Reserves	66,923,074	67,593,124	-
Loss for the period	(9,834,529)	(670,050)	-
Equity	70,643,544	80,478,073	-
TOTAL LIABILITIES AND EQUITY	131,428,373	131,398,498	-

Income statement

€	First quarter 2014	of which: related parties
Revenue	-	-
Raw materials, consumables, supplies and goods	(970)	-
Personnel expense	-	-
Leases, licences and royalties for the use of trademarks	(313)	-
Other operating costs	(70,201)	-
Amortisation, depreciation and impairment losses	(286)	-
Operating loss	(71,770)	-
Financial income	528,907	-
Financial expense	(10,291,666)	-
Pre-tax loss	(9,834,529)	-
Income taxes	-	-
Loss for the period	(9,834,529)	-
Basic loss per share	(0.757)	
Diluted loss per share	(0.757)	

Statement of comprehensive income

€	First quarter 2014
Loss for the period	(9,834,529)
Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	-
Other comprehensive income (expense) that will be reclassified subsequently to profit or loss	-
Total comprehensive expense	(9,834,529)

Statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Losses carried forward	Loss for the period	Equity
7 October 2013	-	-	-	-	-	-
Capital increase (incorporation)	120,000	130,000	-	-	-	250,000
Capital increase of 13 December 2013	12,999,999	116,999,991	-	-	-	129,999,990
Sponsor capital increase of 13 December 2013	435,000	3,915,000	-	-	-	4,350,000
Capital increase costs	-	-	(6,110,204)	-	-	(6,110,204)
Recognition of put options	-	-	(42,470,997)	-	-	(42,470,997)
Recognition of market warrants	-	-	(4,870,666)	-	-	(4,870,666)
Loss for the period	-	-	-	-	(670,050)	(670,050)
Other comprehensive income (expense)	-	-	-	-	-	-
<i>Total comprehensive expense, net of tax</i>	-	-	-	-	(670,050)	<i>(670,050)</i>
31 December 2013	13,554,999	121,044,991	(53,451,867)	-	(670,050)	80,478,073
Allocation of the 2013 loss						
- losses carried forward				(670,050)	670,050	-
Loss for the period					(9,834,529)	(9,834,529)
Other comprehensive income (expense)						-
<i>Total comprehensive expense, net of tax</i>	-	-	-	-	(9,834,529)	<i>(9,834,529)</i>
31 March 2014	13,554,999	121,044,991	(53,451,867)	(670,050)	(9,834,529)	70,643,544

Statement of cash flows

€	First quarter 2014
<u>Operating activities</u>	
Pre-tax loss	(9,834,529)
<i>Adjustments to reconcile pre-tax loss with net cash flows:</i>	
- Market warrant issue costs	-
- Fair value loss on market warrants	10,291,666
- Fair value gain on savings bonds	(356,061)
- Amortisation, depreciation and impairment losses	286
<i>Changes in working capital:</i>	
- Decrease in trade payables and other current financial liabilities	(427,262)
- Increase in trade receivables and other current assets	(70,284)
Net cash flows used in operating activities	(396,184)
<u>Investing activities</u>	
Savings bonds	-
Property, plant and equipment	(9,828)
Other intangible assets	(2,860)
Net cash flows used in investing activities	(12,688)
<u>Financing activities</u>	
Issue of special shares	-
Issue of ordinary shares and market warrants	-
Payment of transaction costs for the share and warrant issue	-
Net cash flows from (used in) financing activities	-
<i>Net decrease in cash and cash equivalents</i>	<i>(408,872)</i>
Cash and cash equivalents at 31 December 2013	52,686,230
<u>Cash and cash equivalents at 31 March 2014</u>	<u>52,277,358</u>
<u>Additional disclosure</u>	
- Interest income collected	172,846
- Interest expense paid	-
- Income taxes paid	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Basis of preparation and other information

Space's interim financial report at 31 March 2014 has been prepared in accordance with article 154-ter of the Consolidated Finance Act introduced by Legislative decree no. 195/2007 and Consob (the Italian commission for listed companies and the stock exchange) communication no DEM/8041082 of 30 April 2008.

The condensed interim financial statements have been prepared in conformity with the IFRS issued by the International Financial Reporting Standards Board and endorsed by the European Commission. The accounting policies applied are unchanged from those used for the preparation of the financial statements at 31 December 2013.

The presentation of the condensed interim financial statements is the same as that used at 31 December 2013. Since the condensed interim financial statements do not include all disclosures required of annual financial statements, they should be read in conjunction with the 2013 financial statements.

The interim financial report has not been audited or reviewed by the independent auditors.

Current assets

- **Cash and cash equivalents:** They amounted to €52,277,358 at the reporting date, down by €408,872 on 31 December 2013, mainly due to operating costs, as detailed in the statement of cash flows.
- **Other current financial assets:** They show part of the funds raised with the Offer invested in savings bonds and rose by €356,061, due to fair value gains.

Current liabilities

- **Trade payables:** They amounted to €85,658 at the reporting date, down by €354,154 on 31 December 2013. They comprise payables to suppliers for the company's ordinary operations.
- **Market warrants at fair value:** This caption amounted to €15,591,332 at the reporting date, which shows the market warrants' estimated fair value. The €10,291,666 fair value losses for the three months have been recognised under financial expense. The losses were due to the increase in the market warrants' price compared to 31 December 2013, from €0.612 to €1.799 at 31 March 2014.

Income statement

- **Other operating costs:** They amounted to €70,201 and are mainly due to ordinary operations and, to a lesser extent, to the costs incurred to open an operating office.
- **Financial income:** The €528,907 balance for the period includes fair value gains on savings bonds (€356,061), as mentioned in the comments on "other current

financial assets” and bank interest income on the company’s current accounts (€172,846).

- **Financial expense:** It came to €10,291,666 and shows the fair value losses on market warrants for the period, as already mentioned in the comments on “Market warrants at fair value”.
- **Income taxes:** The company has not recognised deferred tax assets on its tax loss as there are no available plans forecasting future taxable profits. These plans may only be prepared when the Relevant Transaction is carried out. Considering the company’s nature, which does not envisage the generation of future profits, a tax benefit may also arise in the coming years, since the reserve for capital increase costs and operating costs are both deductible for tax purposes.

Key events and transactions for the first quarter of 2014

During the first quarter of 2014, Space’s management team focused on the process to select a potential target, in accordance with the guidelines set out in the investment policy approved by the shareholders on 9 October 2013.

Moreover, the company entered into a lease for the opening of an operating office in Piazza Cavour 1, Milan. Since this will be Space’s operating office, it recognised the costs incurred to prepare it as a non-current asset.

The unit price of Space S.p.A. shares, listed on the investment vehicle sector of the Italian stock exchange, started at €9.84 on 2 January 2014, steadily rose to a peak of €10.98 at the end of February and closed at €10.25 on 31 March 2014.

Shareholding structure

The company’s shares are placed in the central management system provided for by the Consolidated Finance Act. Its fully subscribed and paid-up share capital was €13,554,999 at 31 March 2014, and comprised 13,459,999 shares, including 12,999,999 ordinary shares and 460,000 special shares.

Events after the reporting date

No significant events have occurred after the reporting date which, if known previously, would have led to an adjustment to the carrying amounts or would have required additional disclosure in these notes.

Operating segments

For the purposes of IFRS 8 Operating segments, it is noted that the company has no operating segments as it did not carry out any operating activities during the reporting period, when it mainly focused on its search for a potential target, in accordance with its investment policy.

Guarantees given, commitments and contingent liabilities

There are no guarantees given, commitments or contingent liabilities.

Related party transactions

The company did not carry out any related party transaction during the reporting period.

Atypical and/or unusual transactions

There were no atypical or unusual transactions during the reporting period, as defined in Consob communications no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

Significant non-recurring events and transactions

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, it is noted that, during the reporting period, the company did not carry out any significant non-recurring transactions.

Milan, 5 May 2014

Chairman of the board of directors
Gianni Mion
(signed on the original)

Statement pursuant to article 154-bis.2 of the Consolidated Finance Act

The undersigned, Edoardo Carlo Maria Subert, as manager in charge of financial reporting of Space S.p.A.

STATES

pursuant to article 154-bis.2 of Legislative decree no. 58 of 24 February 1998, that the financial disclosures set out in this interim financial report at 31 March 2014 comply with the relevant documentation, ledgers and accounting records.

Milan, 5 May 2014

Edoardo Carlo Maria Subert
(Manager in charge)
(signed on the original)